



THE CO-OPERATIVE FEDERATION of VICTORIA

(A member of the Co-operative Federation of Australia)

REPORT

For year ended June 30th, 1981

THE CO-OPERATIVE FEDERATION OF VICTORIA
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Report for the year ended 30th June, 1981

1. INTRODUCTION

Active promotion of Federation policies by the Council and Staff has been directed towards Victorian Co-operatives, Government and general public. It is pleasing to report that membership has increased substantially during the year, a sign that Victorian Co-operatives are prepared to support the case for a strong independent Federation that has been developed in recent years.

No other organisation is equipped to represent the wide range of existing Co-operatives or to strive for the future development of these vital and democratic structures in our modern society.

2. COUNCIL

At the 1980 Annual General Meeting the Constitution of the Federation was amended by deleting the requirement for Councillors to be nominees of specified industries and substituting the membership of the Council of ten to comprise:

- 1 ex officio nominee of the Co-operative Advisory Council
- 3 industry Councillors — 1 representing Producer Co-operatives
1 representing Trading Co-operatives
1 representing Credit Co-operatives
- 6 general Councillors

Council met ten times during the year.

At the Annual General Meeting Mr. Max Rundle retired as President after four years in that office and was succeeded by Mr. Niel Black.

During the year two Councillors, Messrs. I. A. Wood and K. D. Currey resigned and were succeeded by Messrs. Foster and Plant respectively. Mr. N. Harvey representing the Federation of Co-operative Housing Societies resigned during the year.

Mr. A. Gill was nominated by the Community Employment Co-operatives to the Council and took his seat at the February meeting.

At the close of the year the Council and Office Bearers comprised:

Office	Name	Co-operative Industry
President	Mr. J. N. Black	Herd Improvement
Vice President	Mr. O. J. Slattery	Fertiliser Manufacturer
Councillors	Mr. A. Dash	Consumer Credit
	Mr. P. W. Foster	Dairy Manufacturing
	Mr. A. Gill	Community Employment
	Mr. E. J. Long	Co-operative Advisory Council
	Mr. B. H. MacIntosh	Consumer Trading
	Mr. A. Plant	Insurance
	Mr. M. Rundle	Office Management
Honorary Treasurer	Mr. J. F. Rigby	
Executive Officer	Mr. W. W. Rawlinson	
Auditors	Thompson Douglass & Co.	

3. FINANCIAL

The agreement with the Co-operative Federation of Australia, whereby joint use is made of secretariat facilities and services of the Executive Officer on a contributing cost basis continued during the year.

With the exception of two members, all subscriptions due were paid.

In the latter part of the year an agreement was entered into with the Ministry of Employment and Training as part of the Government of Victoria's Community Employment Co-operatives Development Programme for a senior appointment of Advisor to these Co-operatives to be made to the staff of the Federation.

By prudent control of expenditure, the year's operation has resulted in a small surplus of income over expenditure. This, however, does not represent a true situation of the financial activities of the Federation, as the costs for the Executive Officer are largely subsidised by the Co-operative Federation of Australia. With the correct allocation of costs the result of the operations would be reversed.

Copies of the financial statements are issued to members and are available for other interested parties on request.



4. PERSONNEL

At the end of the financial year Mr. Brian Greer, B.Com., LL.B., A.A.S.A. was appointed to the position of Advisor, Community Employment Co-operatives.

In the Australia Day Honours the Order of Australia was awarded to Mr. E. G. Pullen, Managing Director, Phosphate Co-operative Company of Australia Ltd. and to Mr. J. J. Maguire recently re-appointed Managing Director, Murray Goulburn Co-operative Company Ltd.

5. OFFICE PREMISES

At the beginning of the year the Federation's office was transferred to 225 Swanston Street, Melbourne located in a city branch office of Security Co-operative Permanent Building Society.

The Council records its appreciation to the Board and Management of Security Co-operative Permanent Building Society for this assistance.

6. MEMBERSHIP

Membership increased by over 50% during the year. Whilst this is encouraging there is still a very great need for realisation by many Victorian Co-operatives of the benefits that membership of the Federation can provide.

One member, the Federation of Co-operative Housing Societies, resigned during the year.

Three financial members ceased trading and disposed of their assets during the year.

At the close of the year negotiations had been satisfactorily concluded with the Herd Improvement Organisation of Victoria for membership on a group payment basis of eight Herd Improvement Co-operatives and nine A.B. Co-operatives. This is in addition to the increase mentioned above. These Co-operatives have not been included in the membership as at 30th June, 1981.

7. EDUCATION AND TRAINING

Two successful programmes of training for Co-operative Directors were held during the year.

A successful residential workshop was organised by the Federation for Community Employment Co-operatives. This was held at the School of Mines College of Advanced Education in Ballarat under the sponsorship of the Ministry of Employment and Training.

To keep abreast of the Co-operative developments overseas useful discussions were held between some members of the Council and the Vice President of Land o' Lakes Co-operative – a major U.S.A. Dairy Co-operative.

8. MEMBER RELATIONS

A well attended and informative meeting, organised by the Federation, was held in Mildura in the early part of the year under review.

A representative group of Trading Co-operatives met and exchanged knowledge and experience during the year and follow-up meetings are planned.

Senior financial administrators of major member Co-operatives met in the Federation office with a representative of Co-operative Federation of New South Wales to discuss the procedures and implications of a centralised banking scheme for Victorian Co-operatives.

Six group meetings of Community Employment Co-operatives and interested parties were organised in different localities during the year as part of the development programme for these newer type Co-operatives.

Following the last regional meeting organised by the Federation in Bendigo, Co-operatives in that region have formed an informal group called the Central Victorian Regional Association of Co-operatives.

9. GOVERNMENT RELATIONS

Federation deputations have been received by:

The Premier

The Minister administering the Co-operation Act

The Minister for Agriculture

The Minister for Employment and Training

Following discussions with the Commissioner for Corporate Affairs confirming correspondence has been exchanged with –

The Attorney General



The Premier

This deputation included the Executive Officer and representatives of Community Employment Co-operatives to discuss Government delays in implementing policies relating to development of this type of Co-operative. The meeting resulted in a subsequent announcement of the Government's Community Employment Co-operative Development Programme referred to elsewhere in this report.

The Minister administering the Co-operation Act

Following the appointment of the new Minister to this office a Federation deputation comprising the President, the Co-operative Advisory Council Member on the Federation Council and the Executive Officer met Mr. Kennett. Matters discussed included:

- The proposals for a new Co-operation Act
- Establishment of a specific Ministry for Co-operatives
- Upgrading of the Co-operative Registry
- Functions of the Co-operative Advisory Council
- Establishment of an Advisory Officer appointment for Employment Co-operatives
- Amending legislation to cater for the special needs of Employment Co-operatives

The Minister for Agriculture

This deputation comprised the President, Vice President and Executive Officer and discussed matters pertaining to:

The prejudicial effect on basic Co-operative operations of any legislation that would vest any primary produce in an organisation interposed between the primary producer and his marketing Co-operative.

The benefits of increased attention being given to inclusion in agricultural college curriculae of the role of Co-operatives as an alternative structure available for primary producers to produce, process and market their products.

The Minister for Employment and Training

These discussions concerned the acceptance of and procedures for implementing the Federation's involvement and assistance to Government in its Community Employment Co-operative Development Programme.

10. LEGISLATION

Co-operation Act

One result of action by this Federation to the Registrar and the Minister on proposals for a new Co-operation Act was agreement by the Government to release the draft proposals for public scrutiny and comment. Several proposals were made by members to the Federation which, together with those developed by the Federation's Legislative Committee were collated and submitted to the Registrar. Following requests from the Federation, the Registrar subsequently received the Legislative Committee to enable a frank exchange of views on matters raised.

The dangers of applying whole sections of the Companies Act to the formation and operation of Co-operatives, large and small, were stressed as were the acceptance of a need for Co-operatives to conform to prudent business practices in the best interests of their members and their communities.

Matters specifically requested in the new legislation included:

- Statutory provision for the incorporation of a Federation
- Restricted use of the word "Co-operative" in a business name or title
- Persons over school age and under the age of 18 may be members
- Provision for members to share in the effects of inflation on the value of assets not acquired for resale by authorising the issue of bonus shares out of profits realised by such re-valuation.
- Provision for indexation of the maximum rate of dividends that may be paid on share capital
- Deletion of the proposal to require Co-operatives to issue prospectuses in certain circumstances
- Removal of a specified maximum number of Directors
- Extension of time for holding of annual general meetings from three to four months after the close of the financial year
- Provision for exemptions in certain cases from the proposed sophisticated audit requirements

The Companies Act

In response to a submission by the Federation, the Attorney General confirmed that Sections 5(1), 17(7) and 374(14) of the Companies Act 1961 of Victoria will be included in the new uniform companies legislation. These sections relate to:

- Definition of a Co-operative Company
- Membership of a Co-operative holding company
- Offer of shares in a Co-operative company

11. COMMUNITY EMPLOYMENT CO-OPERATIVES DEVELOPMENT PROGRAMME

As reported above, following submissions from this Federation and its Employment Co-operative members, meetings with the Premier, the Minister for Employment and Training and departmental officers, the Victorian Government announced its programme to implement its declared policies relating to development of Co-operatives as part of its Job Creation Scheme in relief of unemployment. \$700,000 has been allocated for the period April, 1981 to June, 1982 as part of a three year programme to assist in funding under certain conditions. One of the conditions is constant evaluation of the programme.

The programme provides for the employment by the Federation, funded from the programme of a senior Advisor to assist groups in the formation of Co-operatives, identifying their needs as business enterprises, as well as establishing appropriate administrative and financial systems in these Co-operatives.

At the invitation of the Minister, three Federation nominees have been appointed to the Funding Committee responsible for considering and submitting recommendations to the Minister on applications for funding assistance from Employment Co-operatives.

This positive programme of the State Government has now placed the onus for acceptance of responsibility for sound development on the Community Employment Co-operatives, this Federation and the community.

12. THE CO-OPERATIVE FEDERATION OF AUSTRALIA

As indicated earlier, membership of the national body continued throughout the year. Our State representatives on the national council were Messrs. J. N. Black (with alternate O. J. Slattery) and B. H. MacIntosh (with alternate E. J. Long). The Council met three times during the year whilst specialist committees have met for discussions with the Australian Federation of Credit Union Leagues and to consider proposals for a national co-operative fleet vehicle purchase scheme. The latter proposals have not met with the necessary support.

13. CO-OPERATIVE FARMERS AND GRAZERS DIRECT MEAT SUPPLY

Although this Co-operative did not accept an invitation to affiliate with the Federation, the situation in which it eventually found itself, the reaction by Government in the area of the very stringent controls proposed in the new Co-operation Act arising from the Chernow Report, the long period of adverse publicity and the cumulative effect on its members and the community were of as great a concern to the Council and members of the Federation as if it had been one of the members.

It is considered certain basic facts affecting the position which tend to be overlooked need to be emphasised.

Co-operatives, like other types of businesses, are subject to failure from normal commercial reasons such as market conditions. Failures should be less likely in a Co-operative whose structure conforms to the basic Co-operative principles of democratic control, of one member one vote with the Board of Directors elected by the membership and professional management appointed by the Board.

To remove this democratic process of direct representation of all members, which safeguards their individual rights, is to cease operating as a Co-operative and control is transferred from members to those responsible for such abrogation of Co-operative Principles.

This was the situation of Co-operative Farmers & Graziers Direct Meat Supply.

Imposing whole sections of the Companies Act on to Co-operatives will not solve such a situation. Enforcement of adherence to the basic principles of Co-operation which are currently written into the Co-operation Act are more likely to provide much greater protection for Co-operative members and their communities.



14. CONCLUSION

As mentioned in paragraph 3 above, the Federation's Executive Officer is funded by the Co-operative Federation of Australia and his time is shared by this Federation and the national body. The active programme for the past year, reported above, has only been possible with the generous allowance of excess time by the Co-operative Federation of Australia to this Federation.

A prototype scheme of superannuation for members as self-employed persons has been developed by one member Co-operative. This matter of a co-ordinated retirement scheme for staff and members as a Federation service is one listed for attention by the Federation in its list of priorities within the constraints of its resources.

We look forward to the increased involvement and support of all Victorian Co-operatives to enable this Federation, as the only expert professional Co-operative service of its type in the State, to develop to its full potential.

CO-OPERATIVE FEDERATION OF VICTORIA

MEMBERS AT JUNE, 1981

Abalone Fishermen's Coperative Ltd.
Australian Footwear Retailers Co-operative Ltd.
Ballarat Employment Co-operative Ltd.
Bendigo Trading Co-operative Ltd.
Broadford Co-operative Hotel Ltd.
Brunswick Work Co-operative Ltd.
Cann River Transport Operators' Co-operative Ltd.
Community Work Society Co-operative Ltd.
Co-operative Insurance Company of Australia (Victoria) Limited
Edenhope Co-operative Society Limited
Emerald & District Co-operative Society Ltd.
Gippsland Tip Truck Hiring Co-operative Ltd.
Herd Improvement Organisation of Victoria
Ibis Milk Products Ltd.
Jojoba Co-operative Society Limited
Lakes Entrance Fishermen's Co-operative Society Limited
Loch Ard Producers Co-operative Ltd.
Maryborough Bootstrap Trading Co-operative Ltd.
Maryborough Energy Research Foundation Co-operative Ltd.
Maryborough Producers and Recycling Co-operative Ltd.
Melbourne Access Video & Media Co-operative Ltd.
Morwell Co-operative Limited
Murray Goulburn Co-operative Company Ltd.
Murrabit Advancement Co-operative Limited
Numurkah East Goulburn H.I. Co-operative Ltd.
Phosphate Co-operative Company of Australia Ltd.
Robinvale Producers Co-operative Ltd.
Security Land Co-operative Ltd.
Security Management Co-operative Limited
Terang & District Co-operative Ltd.
The Mid-Murray Producers Co-operative Ltd.
The North Eastern Co-operative Society Ltd.
Thorpdale Co-operative Limited
Trans National Hauliers Co-operative Ltd.
Victorian A.B. Co-operative Society Limited
Victorian Credit Co-operative Association Limited
Victorian Producers Co-operative Company Ltd.
Warrnambool Co-operative Society Ltd.
Waverley Trading Co-operative Limited
Yarrawonga & District Rural Co-operative Society Ltd.
Yinnar Community Hotel Co-operative Limited
Y.C.W. Co-operative Society Limited